

**TOWNSHIP OF ALLEGAN**  
**ALLEGAN COUNTY, MICHIGAN**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2008**

## **ALLEGAN TOWNSHIP**

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## INDEPENDENT AUDITOR'S REPORT

September 22, 2008

To The Township Board Members of  
Allegan Township  
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Allegan, Allegan County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Allegan, Allegan County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Allegan as of March 31, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2008, on our consideration of the Township of Allegan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of an audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and 25 through 27 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

  
Angle & Steffes, P.C.  
Certified Public Accountants

## **MANAGEMENT DISCUSSION AND ANALYSIS**

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of Allegan Township as a whole and present a long-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### **The Township as a Whole**

The Allegan Township's financial position strengthened from the prior fiscal year. The Township has three major funds: General, Road and Fire Funds. The General Fund supports all Township governmental services as well as road improvements, fire services and debt repayments. The road millage of 2.9864 mills and the fire millage of .4931 mills support the road and fire needs of the township. General funds supported the sewer, cemetery, and all other services. Given the state of the economy and with conservative values in mind, once again the Allegan Township Board has successfully guided the financial position of Allegan Township to a safe and stable landing. State revenues have remained flat yet expectations were for this to decrease so we feel fortunate that Michigan's economy fared better than envisioned. Applicants for building permits were fewer yet we still have a growing tax base albeit much slower than in the past. The Township Board has taken many opportunities to educate themselves via classes through the Michigan Townships Association in regard to governing responsibly. We are currently updating our Master Plan and creating a Recreation Plan.

### **Government Wide Statements**

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Totals</u>	
<u>Assets</u>	2008	2007	2008	2007	2008	2007
Cash & cash equivalents	\$1,168,570	\$1,089,772	\$ 376	\$ 361	\$1,168,946	\$1,090,133
Receivables	171,489	182,347	4,105	11,268	175,594	193,615
Prepaid assets	6,773	7,639	0	0	6,773	7,639
Capital assets	660,873	708,208	1,088,047	1,116,308	1,748,920	1,824,516
Total Assets	2,007,705	1,987,966	1,092,528	1,127,937	3,100,233	3,115,903
 <u>Liabilities</u>						
Current Liabilities	52,931	15,630	0	0	52,931	15,630
Non Current Liabilities	35,271	48,109	175,000	200,000	210,271	248,109
Total Liabilities	88,202	63,739	175,000	200,000	263,202	263,739
 <u>Net Assets</u>						
Invested in Capital Assets	625,602	660,099	913,047	916,308	1,538,649	1,576,407
Restricted for Roads	695,852	697,203	0	0	695,852	697,203
Restricted for Public Safety	194,948	208,979	0	0	194,948	208,979
Unrestricted	403,101	357,946	4,481	11,629	407,582	369,575
Total Net Assets	\$1,919,503	\$1,924,227	\$ 917,528	\$ 927,937	\$2,837,031	\$2,852,164

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Totals</u>	
	2008	2007	2008	2007	2008	2007
<b><u>Revenues</u></b>						
Program Revenues						
Charges for Services	\$ 35,439	\$ 40,107	\$ 11,692	\$ 54,649	\$ 47,131	\$ 94,756
General Revenues						
Taxes	579,053	612,650	9,005	16,374	588,057	629,024
State Shared Revenue	290,852	289,455	0	0	290,852	289,455
Interest and rental	67,178	78,617	456	621	67,633	79,238
Other	34,552	27,795	0	0	34,552	27,795
Transfer In	0	0	8,700	0	8,700	0
Total Revenues	1,007,074	1,048,624	29,853	71,644	1,036,925	1,120,268
<b><u>Expenses</u></b>						
General Government	285,547	297,056	0	0	285,547	297,056
Public Safety	211,338	212,898	0	0	211,338	212,898
Public Works	456,849	268,959	40,261	43,661	497,110	312,620
Recreation and culture	31,000	31,000	0	0	31,000	31,000
Community/Econ Develop	11,891	4,455	0	0	11,891	4,455
Health and welfare	6,474	5,155	0	0	6,474	5,155
Transfer Out	8,700	0	0	0	8,700	0
Total Expenses	\$1,011,799	\$ 819,523	\$ 40,261	\$ 43,661	\$1,052,060	\$ 863,184
Change in Net Assets	\$ (4,725)	\$ 229,101	\$ (10,408)	\$ 27,983	\$ (15,135)	\$ 257,084

### **Governmental Activities**

The Township is currently in the process of circulating petitions for the Miner Lake Sewer District and will decide at our November 2008 meeting if there is enough interest to proceed. At \$20,000 per property owner the assessment would be quite significant. The City of Allegan has plenty of capacity for sewer hookup into the Township. In addition, we continue to collaborate with the City to pursue outcomes that benefit all of our residents. Examples of cooperation include our Fire District, 425 contracts, sewer agreements and sharing library costs. The Township Board carries the theme of cooperation to the County level as well by taking part in their recycling program.

### **The Township Funds**

The Township has five significant funds: Sewer, General, Road, Public Safety, and Fire Truck. As suggested by our auditor, we have these funds spread out with different banks for better financial protection.

The General Fund supports most of our governmental services as well as supplementing Sewer and Public Safety Funds. The Township continues to realize a savings by combining Fire Departments into a Fire District.

Our Sewer Fund is experiencing a more improved state because of decreasing bond payments.

Road millage continues to be renewed at close to three mills. This has allowed us to reduce our gravel roads down to about 4.5 miles left to reconstruct and pave. We have excellent roads in comparison to other municipalities.

The Fire Truck fund maintains a healthy balance that allows us to make payments toward a new pumper truck that was recently purchased by the Fire District. The remaining money is invested in certificates of deposit to maximize earnings.

### **General Fund Budgetary Highlights**

State revenues continue to remain flat so we continue to remain cautious in our spending. \$25,000 out of our General Fund in addition to our penal fines are dedicated to the Public Library and \$6,000 goes to our Allegan Recreation Department. Our priority of improving ambulance service has been realized with the advent of the Life Ambulance covering our area. This improvement has increased our costs fivefold. Other costs are recycling and maintenance issues. Financially speaking, we are still in good shape with the General Fund.

### **Outlook for the Coming Year**

The coming year will be approached by the Township Board on a very cautious note given the state of the economy in Michigan. We continue to spend responsibly on improving our roads but have been held back on other expenditures such as leaf removal services and zoning map updates. Sooner or later these two expenditures will need to be made so possibly 2008-2009 budget year may address these two issues.

Overall, it looks to be a stable financial year for Allegan Township. We take our fiduciary responsibilities seriously.

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability of the money that it receives. To review or assess the Township's financial accountability, copies of the financial report may be obtained by contacting the Allegan Township Clerk.

**TOWNSHIP OF ALLEGAN**  
**GOVERNMENT WIDE STATEMENT OF NET ASSETS**  
**MARCH 31, 2008**

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,168,570	\$ 376	\$ 1,168,946
Investments	0	0	0
Receivables - net	171,489	4,105	175,594
Prepays	6,773	0	6,773
Capital assets - net	<u>660,873</u>	<u>1,088,047</u>	<u>1,748,920</u>
 Total Assets	 <u>2,007,705</u>	 <u>1,092,528</u>	 <u>3,100,233</u>
<b>LIABILITIES</b>			
Accounts payable	13,872	0	13,872
Accrued and other liabilities	39,059	0	39,059
Noncurrent Liabilities			
Due within one year	13,734	25,000	38,734
Due in more than one year	<u>21,537</u>	<u>150,000</u>	<u>171,537</u>
 Total Liabilities	 <u>88,202</u>	 <u>175,000</u>	 <u>263,202</u>
<b>NET ASSETS</b>			
Invested in Capital Assets			
Net of related debt	625,602	913,047	1,538,649
Restricted For			
Public works	695,852	0	695,852
Public safety	194,948	0	194,948
Public sewer	0	4,481	4,481
Unrestricted	<u>403,101</u>	<u>0</u>	<u>403,101</u>
 Total Net Assets	 <u>\$ 1,919,503</u>	 <u>\$ 917,528</u>	 <u>\$ 2,837,031</u>

**TOWNSHIP OF ALLEGAN**  
**GOVERNMENT WIDE STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2008**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government</b>								
General government	\$ 285,546	\$ 2,940	\$ 0	\$ 0	\$ (282,606)	\$ 0	\$ (282,606)	
Public safety	211,338	32,499	0	0	(178,839)	0	(178,839)	
Public works	456,849	0	0	0	(456,849)	0	(456,849)	
Community/Economic development	11,891	0	0	0	(11,891)	0	(11,891)	
Recreation and culture	31,000	0	0	0	(31,000)	0	(31,000)	
Health and welfare	6,474	0	0	0	(6,474)	0	(6,474)	
Total Governmental Activities	1,003,098	35,439	0	0	(967,659)	0	(967,659)	
<b>Business-Type Activities</b>								
Sewer Fund	40,261	11,692	0	0	0	(28,569)	0	
Total Primary Government	\$ 1,043,359	\$ 47,131	\$ 0	\$ 0	(967,659)	(28,569)	(996,228)	
<b>General Revenues</b>								
Property taxes					579,053	9,005	588,058	
State revenues					290,852	0	290,852	
Unrestricted investment earnings					0	0	0	
Interest & Rent					67,178	455	67,633	
Miscellaneous, fines & forfeits					34,552	0	34,552	
Transfers					(8,700)	8,700	0	
Total General Revenues-Special Items and Transfers					962,935	18,160	981,095	
Change in Net Assets					(4,724)	(10,409)	(15,133)	
Net Assets-Beginning					1,924,227	927,937	2,852,164	
Net Assets-Ending					\$ 1,919,503	\$ 917,528	\$ 2,837,031	

The Notes to Financial Statements are an integral part of this statement.



**TOWNSHIP OF ALLEGAN**  
**GOVERNMENTAL FUND BALANCE SHEET**  
**March 31, 2008**

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 271,497	\$ 690,193	\$ 55,270	\$ 151,610	\$ 1,168,570
Investments	0	0	0	0	0
Receivables - net	61,663	32,251	5,323	1,044	100,281
Due from other funds	71,208	0	0	0	71,208
Prepays	6,773	0	0	0	6,773
Total Assets	411,141	722,444	60,593	152,654	1,346,832
<b>LIABILITIES</b>					
Accounts payable	8,040	0	0	5,832	13,872
Due to other funds	0	0	0	39,059	39,059
Total Liabilities	8,040	0	0	44,891	52,931

<b>FUND BALANCES</b>					
Reserved for					
Public works	0	722,444	0	(26,592)	695,852
Public safety	0	0	60,593	134,355	194,948
Unreserved	403,101	0	0	0	403,101
Total Fund Balances	\$ 403,101	\$ 722,444	\$ 60,593	\$ 107,763	\$ 1,293,901

Amounts reported for governmental activities in the Statement of Net Assets are different because:  
Capital assets used in governmental activities are not financial resources and are not reported in the funds.

Debt principal repayments and proceeds of debt are not reported on the statement of activities. (35,271)

Net Assets of Governmental Activities \$ 1,919,503

The Notes to the Financial Statements are an integral part of this statement.

**TOWNSHIP OF ALLEGAN**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**March 31, 2008**

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes and penalties	\$ 150,004	\$ 357,236	\$ 58,973	\$ 12,840	\$ 579,053
Licenses and permits	0	0	0	32,499	32,499
State aid	286,150	4,702	0	0	290,852
Contributions from Local Units	0	0	0	0	0
Charges for services	2,940	0	0	0	2,940
Fines & Forfeits	0	0	0	0	0
Interest and rentals	34,270	21,395	601	10,912	67,178
Other revenue	14,409	0	343	19,800	34,552
<b>Total Revenues</b>	<b>487,773</b>	<b>383,333</b>	<b>59,917</b>	<b>76,051</b>	<b>1,007,074</b>
<b>Expenditures</b>					
Current					
General government	263,430	0	0	0	263,430
Public safety	0	0	124,116	59,004	183,120
Public works	38,584	328,626	0	89,639	456,849
Recreation and cultural	31,000	0	0	0	31,000
Community/Economic development	11,891	0	0	0	11,891
Health & welfare	6,474	0	0	0	6,474
Capital outlay	490	0	0	0	490
Debt Service	0	0	0	15,347	15,347
<b>Total Expenditures</b>	<b>351,869</b>	<b>328,626</b>	<b>124,116</b>	<b>163,990</b>	<b>968,601</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>135,904</b>	<b>54,707</b>	<b>(64,199)</b>	<b>(87,939)</b>	<b>38,473</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	0	0	66,702	15,347	82,049
Transfers (out)	(90,749)	0	0	0	(90,749)
<b>Total Other Financing Sources (Uses)</b>	<b>(90,749)</b>	<b>0</b>	<b>66,702</b>	<b>15,347</b>	<b>(8,700)</b>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures &amp; Other Uses</b>	<b>45,155</b>	<b>54,707</b>	<b>2,503</b>	<b>(72,592)</b>	<b>29,773</b>
<b>Fund Balance - April 1, 2007</b>	<b>357,946</b>	<b>667,737</b>	<b>58,090</b>	<b>180,355</b>	<b>1,264,128</b>
<b>Fund Balance - March 31, 2008</b>	<b>\$ 403,101</b>	<b>\$ 722,444</b>	<b>\$ 60,593</b>	<b>\$ 107,763</b>	<b>\$ 1,293,901</b>

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF ALLEGAN**  
**FIDUCIARY FUNDS-STATEMENT OF NET ASSETS**  
**MARCH 31, 2008**

	<u>Agency Fund (Property Tax Collection Fund)</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 121,434
Due from taxpayers	19,600
Due from governments	<u>\$ 0</u>
Total Assets	<u>\$ 141,034</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 0
Due to other governmental units and schools	108,776
Due to other funds	<u>32,258</u>
Total Liabilities	<u>\$ 141,034</u>

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF ALLEGAN  
PROPRIETARY FUND STATEMENT OF NET ASSETS  
MARCH 31, 2008**

	<u>Sewer Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 376
Investments	0
Receivables - net	2,353
Due from other governments	1,642
Due from other funds	<u>110</u>
Total Current Assets	4,481
Noncurrent Assets	
Capital Assets - net	<u>1,088,047</u>
Total Noncurrent Assets	<u>1,088,047</u>
Total Assets	<u>1,092,528</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	0
Due to other funds	0
Current portion of noncurrent liabilities	<u>25,000</u>
Total Current Liabilities	<u>25,000</u>
Noncurrent Liabilities	
Bonds, notes and loans payable	<u>150,000</u>
Total Noncurrent Liabilities	<u>150,000</u>
Total Liabilities	<u>175,000</u>
<b>NET ASSETS</b>	
Invested in capital assets - net of related debt	913,047
Restricted for debt service	0
Unrestricted	<u>4,481</u>
Total Net Assets	<u>\$ 917,528</u>

**TOWNSHIP OF ALLEGAN  
 PROPRIETARY FUND STATEMENT OF REVENUE, EXPENSES AND  
 CHANGES IN NET ASSETS  
 MARCH 31, 2008**

	<u>Sewer Fund</u>
Operating Revenues	
Tax revenue	\$ 9,005
Charges for services	11,692
Other	<u>0</u>
Total Operating Revenues	<u>20,697</u>
Operating Expenses	
Public works	<u>28,386</u>
Total Operating Expenses	<u>28,386</u>
Operating Income (Loss)	<u>(7,689)</u>
Nonoperating Revenues (Expenses)	
Interest and investment revenue	455
Interest expense	<u>(11,875)</u>
Total Nonoperating Revenue (Expense)	<u>(11,420)</u>
Income (Loss) Before Contributions & Transfers In (Ou	(19,109)
Transfers In (Out)	<u>8,700</u>
Change in Net Assets	(10,409)
Total Net Assets - Beginning April 1, 2007	<u>927,937</u>
Total Net Assets - Ending March 31, 2008	<u><u>\$ 917,528</u></u>

**TOWNSHIP OF ALLEGAN  
PROPRIETARY FUND STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2008**

	Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tax collections	\$ 9,725
Receipts from customers	11,087
Receipts from other governments	912
Payments to suppliers	<u>(125)</u>
Net cash provided (used) by operating activities	21,599
<b>CASH ACTIVITIES FROM NON CAPITAL FINANCING ACTIVITIES</b>	
Operating transfers from General Fund	8,700
Amount due from Debt Service	<u>6,135</u>
Net cash provided (used) by non capital financing activities	14,835
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCIAL</b>	
Principal and interest paid on capital debt	(36,875)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest revenue	<u>456</u>
Net Increase (Decrease) in Cash and Cash Equivalents	15
Balance - Beginning of year	<u>361</u>
Balance - End of year	<u><u>\$ 376</u></u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (7,689)
Decrease in accounts receivable	115
Decrease in amounts due from other governments	912
Depreciation	<u>28,261</u>
Net cash provided (used) by operating activities	<u><u>\$ 21,599</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township of Allegan, Allegan County, Michigan is a general law municipal Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Allegan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**A. The Reporting Entity**

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund and Fire Fund are Special Revenue Funds of the Township. The Road Fund and Fire Fund are used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

The government reports the following major proprietary fund:

The Sewer Fund accounts for the activities of the sewage collection system.

Additionally, the government reports the following non-major fund types:

The Miner Lake Improvement, Special Assessment (Paving Projects), Building Inspection, Fire Equipment and Debt Service Funds are Special Revenue Funds of the Township. The Miner Lake, Special Assessment, Fire Equipment and Building Inspection Funds are used to account for proceeds of special purpose programs. The Debt Service Fund is used to account for debt repayments of the governmental funds.



**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Allegan does have one enterprise fund, the Sewer Fund.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating revenue items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to customers for sales and services. The sewer fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Finally, the government reports the following fund types:

The Tax Collection Fund is a Fiduciary Fund accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

**D. Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (continued)**

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied each July for State Education Tax, and on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the following respective period, at which time penalties and interest are assessed.

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Sidewalks	20 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 07 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity** (continued)

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Compensated absences and unpaid vacations were considered but not accrued due to immateriality in amount.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Government-wide financial statements differ from the Governmental fund financial statements for the effect of the inclusion of capital assets and long term debts.

Capitalized Asset Costs	\$ 1,457,011
Less Accumulated Depreciation	<u>(796,138)</u>
Capital Assets - net	660,873
Less Short Term debt	(13,734)
Less Long Term debt	<u>(21,537)</u>
Net Adjustments	625,602
 Governmental Fund Balances	 <u>1,293,901</u>
 Net Assets of Governmental Activities	 \$ 1,919,503

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENT  
MARCH 31, 2008**

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit incurred no expenditures in certain budgeted funds which were in excess of the amounts appropriated.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENT  
MARCH 31, 2008**

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories, which includes fiduciary accounts:

	<u>Governmental Activities</u>	<u>Proprietary Funds</u>	<u>Total Government</u>
Cash & cash equivalents	\$ <u>1,168,570</u>	\$ <u>376</u>	\$ <u>1,168,946</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 1,168,946
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	<u>-</u>
Total	<u>\$ 1,168,946</u>

The book balance of the primary government's deposits is \$1,168,946 of which \$500,000 is covered by federal depository insurance.

**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008**

**NOTE 5 - RECEIVABLES**

Receivables as of year-end for the government's individual major, nonmajor and business funds, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds			Non-Major and Other Funds		Government Activities Total	Business Type	Total Primary Government
	General Fund	Road Fund	Fire Fund					
Charges receivable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,670	\$ 1,670
Taxes receivable	16,699	32,251	5,323	1,044	55,317	683	56,000	56,000
State revenues receivable	44,964	0	0	0	44,964	0	44,964	44,964
Due from other funds	71,208	0	0	0	71,208	110	71,318	71,318
Due from other governments	0	0	0	0	0	2,344	2,344	2,344
Less: allowance for retained	0	0	0	0	0	(702)	(702)	(702)
Net Receivables	<u>\$ 132,871</u>	<u>\$ 32,251</u>	<u>\$ 5,323</u>	<u>\$ 1,044</u>	<u>\$ 171,489</u>	<u>\$ 4,105</u>	<u>\$ 175,594</u>	

- \* 2007 Winter tax receivable balances are received from the Allegan County revolving tax collection fund within 60 days of the fiscal year end.
- \* State revenue share receivable reflects the constitutional and statutory sales tax for March and April 2008. Provision is according to state guidelines, allowing six revenue payments in fiscal period.
- \* Due from other funds is the balance of Tax collection activity due the General Fund (\$32,259) for collection of prior year tax balances and IFT tax, and due from Special assessments for Miner Lake (\$8,192) and Beechwood/Maple road (\$30,757) projects.

**TOWNSHIP OF ALLEGAN  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases &amp; Corrections</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated				
Land	\$ 127,383	0	\$ 0	\$ 127,383
Subtotal	<u>127,383</u>	<u>0</u>	<u>0</u>	<u>127,383</u>
Capital Assets Being Depreciated				
Buildings, additions and improvements	459,949	0	0	459,949
Improvements other than buildings	96,863	0	0	96,863
Equipment	146,017	0	0	146,017
Furniture and equipment	38,369	490	0	38,859
Fire equipment	587,940	0	0	587,940
Sewer equipment	<u>1,413,042</u>	<u>0</u>	<u>0</u>	<u>1,413,042</u>
Subtotal	<u>2,742,180</u>	<u>490</u>	<u>0</u>	<u>2,742,670</u>
Less Accumulated Depreciation for				
Buildings	149,943	11,624	0	161,567
Improvements other than buildings	47,327	3,905	0	51,232
Equipment	134,292	3,380	0	137,672
Furniture and equipment	37,537	697	0	38,234
Fire equipment	379,214	28,219	0	407,433
Sewer equipment	<u>296,734</u>	<u>28,261</u>	<u>0</u>	<u>324,995</u>
Subtotal	<u>1,045,047</u>	<u>76,086</u>	<u>0</u>	<u>1,121,133</u>
Net Capital Assets Being Depreciated	<u>1,697,133</u>	<u>(75,596)</u>	<u>0</u>	<u>1,621,537</u>
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	<u>\$1,824,516</u>	<u>\$ (75,596)</u>	<u>\$ 0</u>	<u>\$1,748,920</u>

Depreciation expense was charged to programs of the primary government as follows:

<b>Governmental Activities</b>	
General government	\$ 19,606
Public safety	28,219
Public works	0
Sewer	<u>28,261</u>
Total Governmental Activities	<u>\$ 76,086</u>

**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008**

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS**

The composition of interfund balances is as follows:

<b>Due To/From Other Funds</b>			
<u>Receivable Fund</u>		<u>Payable Fund</u>	<u>Amount</u>
General	\$ 32,259	Tax	\$ 32,259
General	30,757	Special Assessment	30,757
General	8,192	Miner Lake	8,192
Sewer	<u>110</u>	Debt Service	<u>110</u>
Total	<u>\$ 71,317</u>		<u>\$ 71,317</u>

Receivable account balances: Tax collection balances are due the General Fund for final settlement of prior and current year tax activity. Special assessment projects Beechwood/Maple roads were prepaid by the General Fund with residents repaying over time when tax levies are collected from each district. The Miner Lake district received a Department of Environmental Quality (DEQ) grant which covered most, but not all wastewater and treatment system testing expenses. The remaining balance is due the General Fund.

<b>Interfund Transfers</b>			
<u>Transfers In</u>		<u>Transfers (Out)</u>	
Sewer	\$ 8,700	General Fund	\$ 8,700
Fire	66,702	General Fund	66,702
Debt Service	<u>15,347</u>	General Fund	<u>15,347</u>
Total	<u>\$ 90,749</u>		<u>\$ 90,749</u>

The transfers out from the General Fund represent the contributions made to support debt repayments (sewer bond and township property loans) and the fire services of the community.



**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008**

**NOTE 8 - SEWER FUND DEBTS**

**SEWER BONDS:** Allegan Township issued \$665,000 of special assessment bonds in August of 1995 to provide funds for the construction of a sewer pipeline to serve residential and commercial developments. The bonds have a stated rate of interest varies from 4.25% to 6.10% and are payable in variable installment amounts of principle and interest on May 1 and interest only on November 1 of each year.

The special assessment bond sewer fund requirements to maturity, are as follows:

<u>Year ending March 31</u>	<u>Principal</u>	<u>Interest</u>
2009	25,000	10,450
2010	25,000	9,000
2011	25,000	7,525
2012	25,000	6,025
Thereafter to 2015	<u>75,000</u>	<u>9,075</u>
<b>TOTAL</b>	<b>\$175,000</b>	<b>\$ 42,075</b>

During the year ending March 31, 2007, the following changes occurred in sewer debt:

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2008</u>
Sewer bonds	\$200,000	\$ 0	\$25,000	\$175,000

**NOTE 9 - EQUIPMENT AND REAL PROPERTY - COMMERCIAL LOANS**

Allegan Township borrowed from local banks the following loans to be repaid by tax levies and special assessments:

<u>Purpose</u>	<u>Total Principal and Interest Requirements</u>		
Land for Development		<u>Principal</u>	<u>Interest</u>
Property, 5.36%,	2008	8,728	1,717
\$2,557.86/quarter, matures	2009	9,205	1,240
2014	2010	9,709	736
	2011	<u>7,628</u>	<u>205</u>
<b>Total Debt Requirements</b>		<b>\$ 35,270</b>	<b>\$ 3,898</b>

**ALLEGAN TOWNSHIP  
ALLEGAN COUNTY, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008**

**NOTE 10 - ALLEGAN FIRE DISTRICT**

The Township of Allegan joined, with the City of Allegan, into a Fire Protection & Merger Agreement on February 17, 2006. Effective March 1, 2006, the agreement created the Allegan Fire District which is responsible for and authorized to control all municipal fire protection activities within the City and Township. Each member participates in a cost weighted formula, based on population, taxable value and historical usage on runs.

Any new equipment items purchased by the Fire District will become assets of the Fire District. Any items transferred by Allegan Township for use by the District remain the property of the Township, and are leased for an annual amount of one dollar (\$1.00). The District may lease the Allegan Township fire station for its operations.

During this fiscal year, Allegan Township remitted to the District \$123,887 for its operational contract, and \$26,280 for its contribution for equipment purchases.

**NOTE 11 - SPECIAL ASSESSMENT DISTRICTS**

New special assessment districts were created in the recent fiscal year. The paving projects on Beechwood Drive and Maple Street were begun and completed in the current fiscal year in the amounts of \$ 24,145.00 and \$ 18,370.00 respectively. These paving projects were paid by funds from the General Fund and are being paid back by special assessment. The special assessment for the Beechwood Drive paving project is being levied over a three year period with interest at a rate of five percent (5%). The special assessment paving project for Maple Street is being levied over a five year period with interest at a rate of five percent (5%).

These special assessment paving projects were prepaid by the General Fund. The special assessment fund, due to timing of the project, currently shows a deficit fund balance of \$ 29,648. The deficit reduction plan with the State of Michigan is currently in process with the resolution of the deficit fund balance as follows:

Total cost of paving projects		\$ 42,515
Taxes levied 2008	(12,840)	
Taxes levied 2009	(12,840)	
Taxes levied 2010-2012	( <u>21,188</u> )	
Total taxes levied		( <u>46,868</u> )
Remaining balance due to General Fund for interest on prepaid project		\$ <u>4,353</u>

**REQUIRED SUPPLEMENTAL & ADDITIONAL INFORMATION**

**TOWNSHIP OF ALLEGAN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED MARCH 31, 2008**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	357,946	357,946	357,946	0
Resources (Inflows)				
Taxes and penalties	157,414	157,414	150,004	(7,410)
Licenses and permits	0	0	0	0
State aid	280,000	280,000	286,150	6,150
Contributions from local government	0	0	0	0
Charges for services	3,000	3,000	2,940	(60)
Interest and rentals	32,000	32,000	34,270	2,270
Miscellaneous revenues	38,970	38,970	14,409	(24,561)
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	869,330	869,330	845,719	(23,611)
Charges to Appropriations (Outflows)				
General Government				
Township board	60,036	60,036	37,680	22,356
Supervisor	40,256	40,256	39,070	1,186
Elections	6,575	6,575	3,027	3,548
Assessor	41,644	41,644	41,335	309
Clerk	42,869	42,869	41,472	1,397
Board of review	2,450	2,450	2,939	(489)
Treasurer	34,482	34,482	33,806	676
Building and grounds	71,171	71,171	64,101	7,070
Public Safety	0	0	0	0
Public Works	49,991	49,991	38,584	11,407
Recreation and culture	31,000	31,000	31,000	0
Health and welfare	24,000	24,000	6,474	17,526
Community/Economic development	15,441	15,441	11,891	3,550
Capital outlay	40,000	40,000	490	39,510
Transfers to other funds	94,150	94,150	90,749	3,401
Total Charges to Appropriations	554,065	554,065	442,618	111,447
Budgetary Fund Balance-March 31, 2008	<u>\$ 315,265</u>	<u>\$ 315,265</u>	<u>\$ 403,101</u>	<u>\$ 87,836</u>

**TOWNSHIP OF ALLEGAN  
BUDGETARY COMPARISON SCHEDULE  
ROAD FUND  
YEAR ENDED MARCH 31, 2008**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Beginning of Year Fund Balance	\$ 667,737	\$ 667,737	\$ 667,737	\$ 0
Resources (Inflows)				
Taxes and penalties	357,900	357,900	357,236	(664)
State aid	4,700	4,700	4,702	2
Interest	8,000	8,000	21,395	13,395
Miscellaneous	0	0	0	0
Transfers In	0	0	0	0
Amounts Available for Appropriation	<u>1,038,337</u>	<u>1,038,337</u>	<u>1,051,070</u>	<u>12,733</u>
Charges to Appropriation (Outflows)				
Public Works				
Roads	<u>662,020</u>	<u>662,020</u>	<u>328,626</u>	<u>333,394</u>
Total Charges to Appropriations	<u>662,020</u>	<u>662,020</u>	<u>328,626</u>	<u>333,394</u>
Budgetary Fund Balance-March 31, 2008	<u>\$ 376,317</u>	<u>\$ 376,317</u>	<u>\$ 722,444</u>	<u>\$ 346,127</u>

**TOWNSHIP OF ALLEGAN  
BUDGETARY COMPARISON SCHEDULE  
FIRE FUND  
YEAR ENDED MARCH 31, 2008**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Beginning of Year Fund Balance	\$ 58,090	\$ 58,090	\$ 58,090	\$ 0
Resources (Inflows)				
Taxes and penalties	58,100	58,100	58,973	873
Interest and rentals	500	500	601	101
Miscellaneous	0	0	343	343
Transfers from other funds	<u>65,000</u>	<u>65,000</u>	<u>66,702</u>	<u>1,702</u>
Amounts Available for Appropriation	<u>181,690</u>	<u>181,690</u>	<u>184,709</u>	<u>3,019</u>
Charges to Appropriations (Outflows)				
Public Safety				
Fire	<u>124,000</u>	<u>124,000</u>	<u>124,116</u>	<u>(116)</u>
Total Charges to Appropriations	<u>124,000</u>	<u>124,000</u>	<u>124,116</u>	<u>(116)</u>
Budgetary Fund Balance-March 31, 2008	<u>\$ 57,690</u>	<u>\$ 57,690</u>	<u>\$ 60,593</u>	<u>\$ 2,903</u>

**TOWNSHIP OF ALLEGAN**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**March 31, 2008**

	Miner Lake Fund	Special Revenue Funds				Fire Equipment Fund	Total Non-Major Governmental Funds
		Assessment Fund	Building Permit Fund	Debt Service Fund			
<b>Assets</b>							
Cash and cash equivalents	\$ 17,080	\$ 65	\$ 0	\$ 110	\$ 134,355	\$ 151,610	
Investments	0	0	0	0	0	0	
Receivables - net	0	1,044	0	0	0	1,044	
Due from other funds	0	0	0	0	0	0	
<b>Total Assets</b>	<b>\$ 17,080</b>	<b>\$ 1,109</b>	<b>\$ 0</b>	<b>\$ 110</b>	<b>\$ 134,355</b>	<b>\$ 152,654</b>	
<b>Liabilities and Fund Equity</b>							
<b>Liabilities</b>							
Accounts payable	\$ 5,832	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,832	
Due to other funds	8,192	30,757	0	110	0	39,059	
<b>Total Liabilities</b>	<b>14,024</b>	<b>30,757</b>	<b>0</b>	<b>110</b>	<b>0</b>	<b>44,891</b>	
<b>Fund Balance</b>							
Reserved	3,056	(29,648)	0	0	134,355	107,763	
Unreserved	0	0	0	0	0	0	
<b>Total Fund Equity</b>	<b>3,056</b>	<b>(29,648)</b>	<b>0</b>	<b>0</b>	<b>134,355</b>	<b>107,763</b>	
<b>Total Liabilities and Fund Equity</b>	<b>\$ 17,080</b>	<b>\$ 1,109</b>	<b>\$ 0</b>	<b>\$ 110</b>	<b>\$ 134,355</b>	<b>\$ 152,654</b>	

The Notes to the Financial Statements are an integral part of this statement.

**ALLEGAN TOWNSHIP**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED MARCH 31, 2008**

	Miner Lake Improvement Fund	Special Assessment Fund	Building Permit Fund	Debt Service Fund	Fire Equipment Fund	Total Non-Major Governmental Funds
<b>Revenues</b>						
Taxes and penalties	\$ 0	\$ 12,840	\$ 0	\$ 0	\$ 0	\$ 12,840
Licenses and permits	0	0	32,499	0	0	32,499
State aid	0	0	0	0	0	0
Other revenue	20,714	27	0	0	9,971	30,712
<b>Total Revenues</b>	<b>20,714</b>	<b>12,867</b>	<b>32,499</b>	<b>0</b>	<b>9,971</b>	<b>76,051</b>
<b>Expenditures</b>						
Current						
Public works	47,124	42,515	0	0	0	89,639
Public safety	0	0	32,499	0	26,505	59,004
Debt Service						
Principal	0	0	0	12,839	0	12,839
Interest	0	0	0	2,508	0	2,508
<b>Total Expenditures</b>	<b>47,124</b>	<b>42,515</b>	<b>32,499</b>	<b>15,347</b>	<b>26,505</b>	<b>163,990</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(26,410)</b>	<b>(29,648)</b>	<b>0</b>	<b>(15,347)</b>	<b>(16,534)</b>	<b>(87,939)</b>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	0	0	0	15,347	0	15,347
Operating transfers (out)	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,347</b>	<b>0</b>	<b>15,347</b>
<b>Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(26,410)</b>	<b>(29,648)</b>	<b>0</b>	<b>0</b>	<b>(16,534)</b>	<b>(72,592)</b>
<b>Fund Balance - April 1, 2007</b>	<b>29,466</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150,889</b>	<b>180,355</b>
<b>Fund Balance - March 31, 2008</b>	<b>\$ 3,056</b>	<b>\$ (29,648)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 134,355</b>	<b>\$ 107,763</b>

The Notes to the Financial Statements are an integral part of this statement.



# ANGLE & STEFFES, P.C.

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.

September 22, 2008

Township of Allegan  
Township Board Members  
Allegan County, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Allegan, Allegan County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 22, 2008. We conducted our audit on accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Allegan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Allegan, Allegan County, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Allegan, Allegan County, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We note certain matters for management's attention and improvement, those control deficiencies that are not considered significant deficiencies or material weaknesses involving internal control:

#### Uninsured Funds

The FDIC's regulations governs the insurance coverage of public units' accounts. The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the same bank within the State are added together and insured up to \$100,000. Separately, all demand deposits owned by the public unit and held by the same bank within the State are added together and insured up to an additional \$100,000. The Township maintains demand and savings deposits in multiple banks with primary government deposits totaling \$1,168,946, plus \$121,434 in fiduciary tax funds, as of March 31, 2008. Of these funds, \$790,380 is uninsured by the FDIC. We are aware that the Township does spread the funds between demand and savings accounts in one bank, however, we continue to recommend that additional Michigan banks become utilized to cover Township funds in FDIC insured accounts.

#### Fiduciary Funds

The Township collects taxes for various governmental units through its tax collection fund. This tax collection fund is a fiduciary fund that collects taxes and remits these tax collections to the various governmental units within a specified time frame established by the State. As of March 31, 2008, the tax collection fund held cash in the amount of \$121,434 and was due a receivable of \$19,870 from tax payers for 2006 Industrial Facilities Tax. This fund reflected assets in the amount of \$141,304. Of these assets, a total of \$108,775 is due to other governmental units - the State, local schools and educational districts, leaving \$32,529 due the Township. The amounts due the other governmental units are IFT taxes collected before March 31, 2008 and are required to be paid by July 31 of each year. These funds were not disbursed by this deadline in the current year. We require that the Township disburse these funds within the parameters set up by the State of Michigan.

#### Special Assessment Funds

The Township established a special assessment fund to complete road paving for private roads for its residents. The Township paid for the paving of these private roads up front and is currently collecting repayment for these projects over a three and five year period from its residents. The collections are done through the tax collection fund by special assessment. The special assessment fund has a deficit fund balance as of March 31, 2008 in the amount of \$29,648 and the Township is in the process of preparing a deficit reduction plan for the State. We recommend that the Township prepare and approve future deficit reduction plans for the State prior to completing this paving projects.

This report is intended solely for the information and use of management and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Angle & Steffes, P.C.  
Certified Public Accountants  
Allegan, Michigan